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Media & ASX Market Announcement

Australian Securities Exchange

Cycliq Group reports record sales in September quarter

Highlights for the Quarter

- Total unit sales increased 52% QoQ
- Q1 revenue A\$850,554 – an increase of 28% QoQ
- Gross margins increased to record high

Perth, 11 October 2017 – Cycliq Group Ltd has released its Appendix 4C Quarterly Report for the quarter ending 30 September, 2017.

The Perth-based supplier of cycling safety and action camera devices has reported a quarterly record in sales volumes, which it attributes to the expansion of its global sales network.

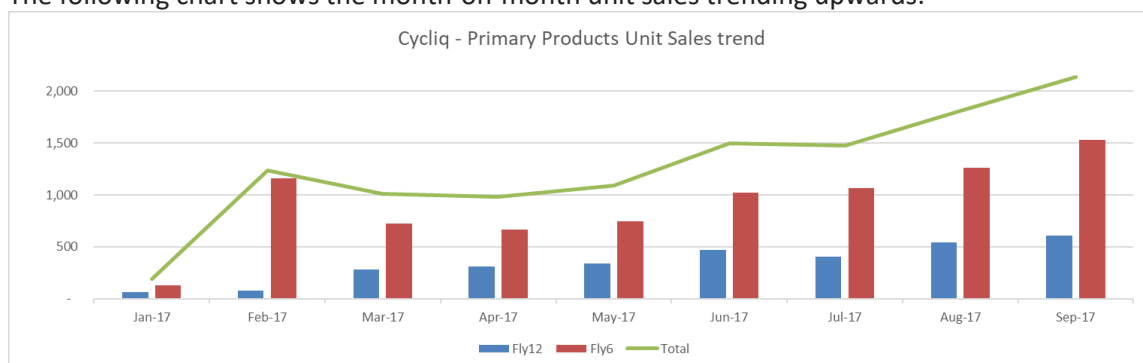
Total unit sales trending upwards

Cycliq's total unit sales in the September quarter were the highest on record since the company began operations five years ago.

"Cycliq is getting traction from our expanded global network of sales channels. Due to the popularity of our products, we are seeing a close correlation between the expansion of our sales network and sales volumes," said Cycliq Executive Chairman Chris Singleton.

In the month of September, unit sales of the Fly6 and Fly12 devices were the highest on record since the company listed on the ASX.

The following chart shows the month-on-month unit sales trending upwards:



Gross margins increasing

Cycliq's gross margins have increased from 22.6% in FY2017, to an average of 39.4% during the September quarter. Gross margins have shown a steady trend upwards since the ASX listing in 2016, highlighting the positive impact of the company's changed distribution model.

"We have been working on increasing shareholder value with initiatives aimed at improving our margins. We have developed efficiencies in our supply chain, which will compound when our

manufacturing JV becomes operational. Complementing this, we have looked to streamline the process for getting our products to the end customer,” said Mr Singleton.

Cycliq has invested in building the profile of the Cycliq brand, while at the same time promoting the online, independent bike dealer and house account sales channels. This has been consistent with the strategy to move away from the traditional B2B distribution model.

“Strong demand for our products, a focus on cost management and initiatives aimed at reducing the double and triple handling of our products contributed to our positive performance in this quarter,” said Mr Singleton.

Overseas revenue increasing

More than 80 per cent of Cycliq’s revenue was generated in markets outside of Australia during the quarter.

Cycliq strengthened its geographical reach after registering for value-added tax (VAT) in France, opening commercially viable channels to land stock in mainland Europe. This led to the launch of its European independent bike dealer portal, and distribution deals with Amazon France and Lilland Sport AS.

The United Kingdom was an important market in the quarter due to UK-distributor Madison significantly increasing the number of stores that stocked Cycliq products.

Leveraging sponsorships

Sponsorships continue to be a core pillar of Cycliq’s marketing strategy.

Cycliq Group signed a 12-month co-marketing agreement with premium bike maker Ridley to participate in their X-over marketing campaigns, the first of which will take place during the Telenet Superprestige’ cyclocross event in Asper-Gavere.

The MOU with Ridley builds on Cycliq’s sponsorship platform, which includes the appointment of Australian cyclist Caleb Ewan as a brand ambassador.

Cycliq continues to explore strategic sponsorships to promote the Cycliq brand to new customers in Australia and overseas.

About Cycliq

Cycliq is the number one brand in HD camera and lighting combinations, delivering cycling safety and action camera solutions for commuters, mountain bikers, racers and professional cyclists alike. Cycliq products are aimed at helping our customers around the globe to enjoy their journey safely.

For more information about Cycliq, please visit www.cycliq.com

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